



State and Federal Affairs Division Memo

TO: All Interested Parties

RE: HB 5237 – Sec. 252

DATE: 10/20/05

In a memo to Members of the House Energy and Technology Committee dated October 18, 2005 from the sponsor of the legislation, an effort is made to explain away the language regarding municipalities found in Section 252 of the current substitute for HB 5237. The points made in the memo do not tell the entire story.

1. *“Section 252 of HB 5237 specifically allows municipalities to provide telecommunications services provided that they go through an open bid process in which private sector providers are the given the first opportunity to provide, or not provide, the requested service. If the private sector chooses not to provide the service, then municipalities may do so.....”*

- The rest of the story.... – The section would *mandate* that local governments bid out their telecom projects to the private sector, and further *mandates* that the local government accept a private sector bid if they get one or more bids. It then allows the private provider six months to implement the service. If they do not do so, the local government must then move on to the next highest qualified bidder. This is NOT consistent with any local government bidding process, and/or procurement practices and means it could be several years before service is implemented. This would impede local economic development efforts.
- As drafted the language is significantly flawed since once a local government receives two qualified bids, **they would never be able to provide services on their own to local businesses and residents.**
- This bidding process scheme would stall job creation and local economic development.

- Section 252 is unnecessary due to provisions already contained in the METRO Act that protect the interests of private sector providers and sets forth the parameters by which local units may provide telecommunication services.

We have twice offered amendatory language that would simply require local governments to bid out the service and follow the provisions already set forth in the METRO Act. This has been rejected.

Therefore, after careful review of House Bill 5237, the Michigan Association of Counties, Michigan Municipal Electric Association, Michigan Municipal League, and Michigan Townships Association believe that citizens, educational institutions, hospitals, and businesses should continue to have the authority to request that their local unit of government provide them with necessary high speed and wireless internet services. We also believe that House Bill 5237 would have dangerous implications for job creation and economic development in local communities.

We urge that Section 252 be stricken from the bill.